

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

**FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED JUNE 30, 2011**

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 507
Satanta, Kansas

We have audited the accompanying financial statements of Unified School District No. 507, as of and for the year ended June 30, 2011, which collectively comprise the basic financial statements of the District, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide*. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note A, Unified School District No. 507 has prepared these financial statements using the accounting practices prescribed or permitted by the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, is presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Unified School District No. 507 as of June 30, 2011, or the changes in its financial position for the year then ended. Further, Unified School District No. 507 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be a part of the basic financial statements.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of Unified School District No. 507, as of June 30, 2011, its cash receipts and expenditures, and budgetary results, for the year then ended on the basis of accounting described in Note A.

Kennedy McKee & Company LLP

December 12, 2011

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

**SUMMARY OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH**

Year ended June 30, 2011

<u>Fund</u>	Beginning unencumbered cash balance (deficit)	Prior year canceled encumbrances
Governmental funds:		
General funds:		
General	\$ 668	\$ -
Supplemental general	242,300	-
Special revenue funds:		
At-Risk (4 year old)	23,123	-
At-Risk (K-12)	7,524	-
Bilingual	11,424	-
Capital outlay	670,336	-
Driver training	7,935	-
Food service	67,227	-
Professional development	15,001	-
Parents as teachers program	8,239	-
Summer school	1,910	-
Special education	200,000	-
Vocational education	21,153	169
KPERS special retirement contribution	-	-
Recreation commission	-	-
Non-budgeted special revenue funds:		
Contingency reserve	128,000	-
Textbook rental - Elementary	10,365	-
Textbook rental - Jr.-Sr. High	3,043	-
Title II-D, education technology	-	-
Title IV, drug free schools	-	-
Title II-A, teacher quality	-	-
Title II D ARRA	(307)	-
Title III	-	-
Title I	-	-
Title I A ARRA	(14,920)	-
Migrant	-	-
Small rural school achievement	-	-
District activity funds	16,971	-
Total primary government - excluding agency funds	1,419,992	169
Component unit:		
Satanta Recreation Commission	383,901	-
Cimarron Valley Golf Association	33,509	-
Total component unit	417,410	-
Total - excluding agency funds	\$ 1,837,402	\$ 169

<u>Cash receipts</u>	<u>Expenditures</u>	<u>Residual equity transfers</u>	<u>Ending unencumbered cash balance</u>	<u>Add outstanding encumbrances and accounts payable</u>	<u>Ending cash balance</u>
\$ 3,711,549	\$ 3,636,944	\$ -	\$ 75,273	\$ -	\$ 75,273
959,821	985,317	1,910	218,714	2,306	221,020
62,786	40,903	-	45,006	-	45,006
459,001	330,562	-	135,963	-	135,963
286,150	217,718	-	79,856	-	79,856
647,229	1,125,563	-	192,002	663,047	855,049
3,675	3,608	-	8,002	-	8,002
224,380	232,254	-	59,353	-	59,353
3,555	3,556	-	15,000	-	15,000
26,201	20,420	-	14,020	-	14,020
-	-	(1,910)	-	-	-
247,294	247,294	-	200,000	-	200,000
163,640	119,859	-	65,103	976	66,079
161,116	161,116	-	-	-	-
240,929	240,929	-	-	-	-
-	-	-	128,000	-	128,000
13,165	12,641	-	10,889	-	10,889
10,982	10,845	-	3,180	-	3,180
232	232	-	-	-	-
356	356	-	-	-	-
23,638	23,638	-	-	-	-
1,064	757	-	-	-	-
15,692	15,692	-	-	-	-
93,847	93,847	-	-	-	-
31,488	16,568	-	-	-	-
37,150	37,150	-	-	-	-
17,577	17,577	-	-	-	-
47,329	53,235	-	11,065	-	11,065
<u>7,489,846</u>	<u>7,648,581</u>	<u>-</u>	<u>1,261,426</u>	<u>666,329</u>	<u>1,927,755</u>
248,806	230,895	-	401,812	-	401,812
132,359	140,207	-	25,661	7,212	32,873
<u>381,165</u>	<u>371,102</u>	<u>-</u>	<u>427,473</u>	<u>7,212</u>	<u>434,685</u>
<u>\$ 7,871,011</u>	<u>\$ 8,019,683</u>	<u>\$ -</u>	<u>\$ 1,688,899</u>	<u>\$ 673,541</u>	<u>\$ 2,362,440</u>

UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH (CONTINUED)

Year ended June 30, 2011

Composition of cash balance:

U.S.D. No. 507 accounts:

Checking account	\$ (365,551)
Money market account	2,282,242
Insurance account - checking	2,261
Activity funds - checking	<u>37,665</u>

Total primary government	1,956,617
Agency funds	<u>(28,862)</u>

Total primary government - excluding agency funds	<u>1,927,755</u>
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Component unit:

Satanta Recreation Commission

Checking account	(47,339)
Money market account	448,151
Petty cash	<u>1,000</u>

Total Satanta Recreation Commission	<u>401,812</u>
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Cimarron Valley Golf Association

Checking account	1,449
Money market account	<u>31,424</u>

Total Cimarron Valley Golf Association	<u>32,873</u>
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Total component unit	<u>434,685</u>
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Total - excluding agency funds	<u><u>\$ 2,362,440</u></u>
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The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2011

<u>Fund</u>	<u>Certified budget</u>	<u>Adjustment to comply with legal maximum budget</u>	<u>Total budget for comparison</u>	<u>Expenditures chargeable to current year</u>	<u>Variance favorable (unfavorable)</u>
Governmental type funds:					
General funds:					
General	\$ 3,028,258	\$ (114,091)	\$ 2,914,167	\$ 2,914,167	\$ -
Supplemental general	1,006,875	(16,491)	990,384	985,317	5,067
Special revenue funds:					
At-Risk (4 year old)	45,930	-	45,930	40,903	5,027
At-Risk (K-12)	467,924	-	467,924	330,562	137,362
Bilingual	245,524	-	245,524	217,718	27,806
Capital outlay	1,210,000	-	1,210,000	1,125,563	84,437
Driver training	9,685	-	9,685	3,608	6,077
Food service	247,300	-	247,300	232,254	15,046
Professional development	15,001	-	15,001	3,556	11,445
Parents as teachers program	25,067	-	25,067	20,420	4,647
Special education	341,931	-	341,931	247,294	94,637
Vocational education	121,151	-	121,151	119,859	1,292
KPERS special retirement contribution	219,823	-	219,823	161,116	58,707
Recreation commission	234,100	-	234,100	240,929	(6,829)
Total primary government	7,218,569	(130,582)	7,087,987	6,643,266	444,721
Component unit:					
Satanta Recreation Commission	493,800	-	493,800	230,895	262,905
	<u>\$ 7,712,369</u>	<u>\$ (130,582)</u>	<u>\$ 7,581,787</u>	<u>\$ 6,874,161</u>	<u>\$ 707,626</u>

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
	2011			Variance
	2010	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Taxes:				
Ad valorem property:				
Tax in process	\$ 3,755	\$ 9,121	\$ 14,381	\$ (5,260)
Current tax	3,531,856	3,117,803	2,523,391	594,412
Delinquent tax	13,206	18,124	7,125	10,999
Other taxes	2,322	-	-	-
Federal aid:				
ARRA stabilization funds	147,749	54,693	54,693	-
Education jobs fund	-	95,767	-	95,767
State aid:				
General state aid	-	-	57,797	(57,797)
Special education aid	187,019	183,019	195,518	(12,499)
Mineral production tax	156,072	233,022	175,000	58,022
Total cash receipts	4,041,979	3,711,549	\$ 3,027,905	\$ 683,644
Expenditures subject to legal maximum budget:				
Instruction	1,488,283	1,457,891	\$ 1,518,000	\$ 60,109
Student support services	69,660	62,336	82,500	20,164
Instructional support staff	93,756	86,243	103,500	17,257
General administration	203,287	188,326	221,000	32,674
School administration	218,621	179,176	238,500	59,324
Operations and maintenance	35,669	39,002	52,500	13,498
Student transportation services	90,809	108,588	133,700	25,112
Operating transfers	711,423	792,605	678,558	(114,047)
Adjustment to comply with legal maximum budget	-	-	(114,091)	(114,091)
Total expenditures and transfers subject to legal maximum budget	2,911,508	2,914,167	\$ 2,914,167	\$ -
Excess revenue to state	1,130,469	722,777		
Total expenditures	4,041,977	3,636,944		
Receipts over (under) expenditures	2	74,605		
Unencumbered cash, beginning of year	351	668		
Prior year canceled encumbrances	315	-		
Unencumbered cash, end of year	\$ 668	\$ 75,273		

The accompanying notes are an integral part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

SUPPLEMENTAL GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem property:				
Tax in process	\$ 1,175	\$ 2,553	\$ 6,239	\$ (3,686)
Current tax	900,804	940,722	762,226	178,496
Delinquent tax	5,342	5,837	1,822	4,015
Motor vehicle tax	10,924	6,199	8,566	(2,367)
Recreational vehicle tax	204	1,646	118	1,528
Other taxes	644	2,864	-	2,864
Total cash receipts	<u>919,093</u>	<u>959,821</u>	<u>\$ 778,971</u>	<u>\$ 180,850</u>
Expenditures subject to legal maximum budget:				
Instruction	24,216	25,806	\$ 30,000	\$ 4,194
Student support services	15,000	-	20,000	20,000
General administration	73,445	122,227	82,000	(40,227)
Operations and maintenance	328,393	337,322	530,000	192,678
Operating transfers	529,853	499,962	344,875	(155,087)
Adjustment to comply with legal maximum budget	<u>-</u>	<u>-</u>	<u>(16,491)</u>	<u>(16,491)</u>
Total expenditures and transfers subject to legal maximum budget	<u>970,907</u>	<u>985,317</u>	<u>\$ 990,384</u>	<u>\$ 5,067</u>
Receipts over (under) expenditures	(51,814)	(25,496)		
Unencumbered cash, beginning of year	294,114	242,300		
Residual equity transfer in	<u>-</u>	<u>1,910</u>		
Unencumbered cash, end of year	<u>\$ 242,300</u>	<u>\$ 218,714</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

AT-RISK (4 YEAR OLD) FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2011		Variance
	2010	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Transfer from general fund	\$ 44,400	\$ 14,000	\$ 24,854	\$ (10,854)
Transfer from supplemental general fund	20,903	48,786	-	48,786
Total cash receipts	65,303	62,786	<u>\$ 24,854</u>	<u>\$ 37,932</u>
Expenditures:				
Instruction	42,180	40,903	<u>\$ 45,930</u>	<u>\$ 5,027</u>
Receipts over (under) expenditures	23,123	21,883		
Unencumbered cash, beginning of year	-	23,123		
Unencumbered cash, end of year	<u>\$ 23,123</u>	<u>\$ 45,006</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

AT-RISK (K-12) FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Other	\$ 3,909	\$ -	\$ 50,000	\$ (50,000)
Transfer from general fund	278,643	317,676	218,244	99,432
Transfer from supplemental general fund	151,314	141,325	175,000	(33,675)
Total cash receipts	<u>433,866</u>	<u>459,001</u>	<u>\$ 443,244</u>	<u>\$ 15,757</u>
Expenditures:				
Instruction	324,050	201,508	\$ 367,500	\$ 165,992
Student support services	54,938	60,235	54,850	(5,385)
Instructional support staff	22,521	20,326	23,574	3,248
School administration	22,214	48,469	22,000	(26,469)
Student transportation services	2,717	24	-	(24)
Total expenditures	<u>426,440</u>	<u>330,562</u>	<u>\$ 467,924</u>	<u>\$ 137,362</u>
Receipts over (under) expenditures	7,426	128,439		
Unencumbered cash, beginning of year	<u>98</u>	<u>7,524</u>		
Unencumbered cash, end of year	<u>\$ 7,524</u>	<u>\$ 135,963</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

BILINGUAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
	2011			Variance
	2010	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Other	\$ -	\$ -	\$ 20,000	\$ (20,000)
Transfer from general fund	182,369	188,265	146,000	42,265
Transfer from supplemental general fund	64,383	97,885	65,000	32,885
Total cash receipts	246,752	286,150	\$ 231,000	\$ 55,150
Expenditures:				
Instruction	227,947	203,587	\$ 236,369	\$ 32,782
Student support services	3,688	3,685	5,350	1,665
Instructional support staff	3,693	3,682	3,805	123
School administration	-	6,764	-	(6,764)
Total expenditures	235,328	217,718	\$ 245,524	\$ 27,806
Receipts over (under) expenditures	11,424	68,432		
Unencumbered cash, beginning of year	-	11,424		
Unencumbered cash, end of year	\$ 11,424	\$ 79,856		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

CAPITAL OUTLAY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem property:				
Tax in process	\$ 1,026	\$ 2,015	\$ 4,894	\$ (2,879)
Current tax	711,115	628,209	509,340	118,869
Delinquent tax	2,930	3,852	1,439	2,413
Motor vehicle tax	8,841	6,641	7,242	(601)
Recreational vehicle tax	166	192	99	93
Other taxes	501	2,235	-	2,235
Other	-	2,500	-	2,500
Transfer from general fund	-	1,585	-	1,585
Total cash receipts	<u>724,579</u>	<u>647,229</u>	<u>\$ 523,014</u>	<u>\$ 124,215</u>
Expenditures:				
Instruction	31,247	134,370	\$ 100,000	\$ (34,370)
Student support services	-	-	10,000	10,000
Instructional support staff	-	-	10,000	10,000
General administration	606	31,749	-	(31,749)
School administration	-	18,406	30,000	11,594
Operations and maintenance	40,942	628,329	400,000	(228,329)
Student transportation services	3,021	119,191	-	(119,191)
Food service	65,373	-	-	-
Architectural and engineering services	73,038	3,183	60,000	56,817
Site improvement	683,883	181,641	600,000	418,359
Building improvements	183,597	8,694	-	(8,694)
Total expenditures	<u>1,081,707</u>	<u>1,125,563</u>	<u>\$ 1,210,000</u>	<u>\$ 84,437</u>
Receipts over (under) expenditures	(357,128)	(478,334)		
Unencumbered cash, beginning of year	1,024,209	670,336		
Prior year canceled encumbrances	<u>3,255</u>	<u>-</u>		
Unencumbered cash, end of year	<u>\$ 670,336</u>	<u>\$ 192,002</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

DRIVER TRAINING FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
	2011			Variance
	2010	Actual	Budget	favorable (unfavorable)
Cash receipts:				
State aid	\$ 500	\$ 1,258	\$ 1,750	\$ (492)
Other	437	601	-	601
Transfer from supplemental general fund	-	1,816	-	1,816
Total cash receipts	937	3,675	\$ 1,750	\$ 1,925
Expenditures:				
Instruction	2,889	3,608	\$ 6,685	\$ 3,077
Vehicle and maintenance services	-	-	3,000	3,000
Total expenditures	2,889	3,608	\$ 9,685	\$ 6,077
Receipts over (under) expenditures	(1,952)	67		
Unencumbered cash, beginning of year	9,887	7,935		
Unencumbered cash, end of year	\$ 7,935	\$ 8,002		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

FOOD SERVICE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Federal aid	\$ 108,701	\$ 127,247	\$ 119,507	\$ 7,740
State aid	1,887	2,106	1,803	303
Charges for services	45,006	43,514	56,625	(13,111)
Interest	18,177	13,728	15,000	(1,272)
Other	1,821	120	-	120
Transfer from general fund	12,000	-	12,000	(12,000)
Transfer from supplemental general fund	45,499	37,665	29,875	7,790
Total cash receipts	<u>233,091</u>	<u>224,380</u>	<u>\$ 234,810</u>	<u>\$ (10,430)</u>
Expenditures:				
Operations and maintenance	14,760	15,805	\$ 17,100	\$ 1,295
Food service operations	<u>202,982</u>	<u>216,449</u>	<u>230,200</u>	<u>13,751</u>
Total expenditures	<u>217,742</u>	<u>232,254</u>	<u>\$ 247,300</u>	<u>\$ 15,046</u>
Receipts over (under) expenditures	15,349	(7,874)		
Unencumbered cash, beginning of year	<u>51,878</u>	<u>67,227</u>		
Unencumbered cash, end of year	<u>\$ 67,227</u>	<u>\$ 59,353</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

PROFESSIONAL DEVELOPMENT FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Transfer from supplemental general fund	\$ 10,082	\$ 3,555	\$ -	\$ 3,555
Expenditures:				
Instructional support staff	7,551	3,556	\$ 15,001	\$ 11,445
Receipts over (under) expenditures	2,531	(1)		
Unencumbered cash, beginning of year	12,470	15,001		
Unencumbered cash, end of year	\$ 15,001	\$ 15,000		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

PARENTS AS TEACHERS PROGRAM

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Federal aid	\$ -	\$ -	\$ 10,679	\$ (10,679)
State aid	10,679	10,579	-	10,579
Other	1,602	-	-	-
Transfer from general fund	6,942	-	6,942	(6,942)
Transfer from supplemental general fund	6,637	15,622	-	15,622
Total cash receipts	<u>25,860</u>	<u>26,201</u>	<u>\$ 17,621</u>	<u>\$ 8,580</u>
Expenditures:				
Student support services	17,271	20,250	\$ 24,567	\$ 4,317
Instructional support staff	350	170	500	330
Total expenditures	<u>17,621</u>	<u>20,420</u>	<u>\$ 25,067</u>	<u>\$ 4,647</u>
Receipts over (under) expenditures	8,239	5,781		
Unencumbered cash, beginning of year	-	8,239		
Unencumbered cash, end of year	<u>\$ 8,239</u>	<u>\$ 14,020</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

SUMMER SCHOOL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Transfer from supplemental general fund	\$ 1,910	\$ -	\$ -	\$ -
Expenditures:				
Instruction	-	-	\$ -	\$ -
Receipts over (under) expenditures	1,910	-		
Unencumbered cash, beginning of year	-	1,910		
Residual equity transfer out	-	(1,910)		
Unencumbered cash, end of year	\$ 1,910	\$ -		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

SPECIAL EDUCATION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
State aid	\$ 3,314	\$ -	\$ -	\$ -
Other	-	1,547	-	1,547
Transfer from general fund	187,069	183,019	195,518	(12,499)
Transfer from supplemental general fund	95,915	62,728	50,000	12,728
Total cash receipts	286,298	247,294	\$ 245,518	\$ 1,776
Expenditures:				
Instruction	285,772	247,294	\$ 341,931	\$ 94,637
Student transportation services	720	-	-	-
Total expenditures	286,492	247,294	\$ 341,931	\$ 94,637
Receipts over (under) expenditures	(194)	-		
Unencumbered cash, beginning of year	200,194	200,000		
Unencumbered cash, end of year	\$ 200,000	\$ 200,000		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

VOCATIONAL EDUCATION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Transfer from general fund	\$ -	\$ 88,060	\$ 75,000	\$ 13,060
Transfer from supplemental general fund	133,211	75,580	25,000	50,580
Total cash receipts	133,211	163,640	<u>\$ 100,000</u>	<u>\$ 63,640</u>
Expenditures:				
Instruction	112,058	119,761	\$ 121,151	\$ 1,390
Operations and maintenance	-	98	-	(98)
Total expenditures	112,058	119,859	<u>\$ 121,151</u>	<u>\$ 1,292</u>
Receipts over (under) expenditures	21,153	43,781		
Unencumbered cash, beginning of year	-	21,153		
Prior year canceled encumbrances	-	169		
Unencumbered cash, end of year	<u>\$ 21,153</u>	<u>\$ 65,103</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

KPERS SPECIAL RETIREMENT CONTRIBUTION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2011		Variance
	2010	Actual	Budget	favorable (unfavorable)
Cash receipts:				
State aid	\$ 196,271	\$ 161,116	\$ 219,823	\$ (58,707)
Expenditures:				
Instruction	141,230	113,019	\$ 156,075	\$ 43,056
Student support services	3,796	4,519	4,397	(122)
Instructional support staff	3,796	2,138	4,397	2,259
General administration	11,388	7,740	13,190	5,450
School administration	13,285	11,107	15,388	4,281
Other supplemental services	-	-	13,190	13,190
Operations and maintenance	11,388	10,127	6,593	(3,534)
Student transportation services	5,694	6,771	6,593	(178)
Food service operations	5,694	5,695	-	(5,695)
Total expenditures	196,271	161,116	\$ 219,823	\$ 58,707
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	-	-		
Unencumbered cash, end of year	\$ -	\$ -		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

RECREATION COMMISSION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem property:				
Tax in process	\$ 333	\$ 748	\$ 1,821	\$ (1,073)
Current tax	263,824	235,625	191,001	44,624
Delinquent tax	1,045	1,427	534	893
Motor vehicle tax	3,153	2,251	2,459	(208)
Recreational vehicle tax	59	51	34	17
Other taxes	173	-	-	-
Other	-	827	40,000	(39,173)
Total cash receipts	268,587	240,929	<u>\$ 235,849</u>	<u>\$ 5,080</u>
Expenditures:				
Transfer to component unit	270,093	240,929	<u>\$ 234,100</u>	<u>\$ (6,829)</u>
Receipts over (under) expenditures	(1,506)	-		
Unencumbered cash, beginning of year	1,506	-		
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ -</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

**SATANTA RECREATION COMMISSION
(A COMPONENT UNIT)**

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2011		Variance
	2010	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Transfer from U.S.D. 507:				
Recreation Commission	\$ 180,062	\$ 156,997	\$ 148,969	\$ 8,028
Golf Course	90,031	78,428	74,484	3,944
Interest	2,287	1,948	2,000	(52)
Donations	1,750	1,765	1,500	265
Miscellaneous	7,708	9,668	4,100	5,568
Total cash receipts	281,838	248,806	\$ 231,053	\$ 17,753
Expenditures:				
Salaries	63,822	65,145	\$ 82,900	\$ 17,755
Programs	42,536	33,435	112,900	79,465
Equipment and improvements	9,400	9,254	160,000	150,746
Utilities	8,214	8,974	14,000	5,026
Miscellaneous	14,919	14,087	24,000	9,913
Transfer to Cimarron Valley Golf Association	88,337	100,000	100,000	-
Total expenditures	227,228	230,895	\$ 493,800	\$ 262,905
Receipts over (under) expenditures	54,610	17,911		
Unencumbered cash, beginning of year	329,291	383,901		
Unencumbered cash, end of year	\$ 383,901	\$ 401,812		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

**CIMARRON VALLEY GOLF ASSOCIATION
(A COMPONENT UNIT)**

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

	Year ended June 30,	
	2010	2011
Cash receipts:		
Transfer from Satanta Recreation Commission	\$ 89,635	\$ 80,645
Charges for services	43,882	45,816
Donations	3,225	5,756
Interest	205	142
Total cash receipts	<u>136,947</u>	<u>132,359</u>
Expenditures:		
Personal services	52,510	58,585
Commodities	30,436	21,277
Contractual services	52,721	60,345
Total expenditures	<u>135,667</u>	<u>140,207</u>
Receipts over (under) expenditures	1,280	(7,848)
Unencumbered cash, beginning of year	<u>32,229</u>	<u>33,509</u>
Unencumbered cash, end of year	<u>\$ 33,509</u>	<u>\$ 25,661</u>

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
ALL NON-BUDGETED SPECIAL REVENUE FUNDS**

Year ended June 30, 2011

	<u>Contingency reserve</u>	<u>Textbook rental - elementary</u>	<u>Textbook rental - Jr.-Sr. high</u>
Cash receipts:			
Federal aid	\$ -	\$ -	\$ -
Fees	-	4,165	4,982
Transfer from supplemental general fund	<u>-</u>	<u>9,000</u>	<u>6,000</u>
Total cash receipts	<u>-</u>	<u>13,165</u>	<u>10,982</u>
Expenditures:			
Instruction	-	12,641	10,845
Instructional support staff	-	-	-
School administration	-	-	-
Student support services	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>12,641</u>	<u>10,845</u>
Receipts over (under) expenditures	-	524	137
Unencumbered cash (deficit), beginning of year	<u>128,000</u>	<u>10,365</u>	<u>3,043</u>
Unencumbered cash, end of year	<u><u>\$ 128,000</u></u>	<u><u>\$ 10,889</u></u>	<u><u>\$ 3,180</u></u>

Title II-D education technology	Title IV drug free schools	Title II-A teacher quality	Title II-D ARRA	Title III	Title I
\$ 232	\$ 356	\$ 23,638	\$ 1,064	\$ 15,692	\$ 93,847
-	-	-	-	-	-
-	-	-	-	-	-
232	356	23,638	1,064	15,692	93,847
232	356	21,478	-	15,692	88,923
-	-	2,160	-	-	4,924
-	-	-	-	-	-
-	-	-	757	-	-
232	356	23,638	757	15,692	93,847
-	-	-	307	-	-
-	-	-	(307)	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES
ALL NON-BUDGETED SPECIAL REVENUE FUNDS (CONTINUED)

Year ended June 30, 2011

	Title I-A ARRA	Migrant	Small rural school achievement	Total
Cash receipts:				
Federal aid	\$ 31,488	\$ 37,150	\$ 17,577	\$ 221,044
Fees	-	-	-	9,147
Transfer from supplemental general fund	-	-	-	15,000
Total cash receipts	<u>31,488</u>	<u>37,150</u>	<u>17,577</u>	<u>245,191</u>
Expenditures:				
Instruction	16,568	22,202	17,577	206,514
Instructional support staff	-	8,184	-	15,268
School administration	-	6,764	-	6,764
Student support services	-	-	-	757
Total expenditures	<u>16,568</u>	<u>37,150</u>	<u>17,577</u>	<u>229,303</u>
Receipts over (under) expenditures	14,920	-	-	15,888
Unencumbered cash (deficit), beginning of year	<u>(14,920)</u>	<u>-</u>	<u>-</u>	<u>126,181</u>
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,069</u>

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

DISTRICT ACTIVITY FUNDS

**STATEMENT OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH**

Year ended June 30, 2011

<u>Fund</u>	<u>Beginning unencumbered cash balance</u>	<u>Cash receipts</u>	<u>Expenditures</u>	<u>Ending unencumbered cash balance</u>	<u>Add outstanding encumbrances and accounts payable</u>	<u>Ending cash balance</u>
Gate receipts:						
High school	\$ 1,789	\$ 13,082	\$ 14,871	\$ -	\$ -	\$ -
School projects:						
High school:						
Concession stand	1,320	11,322	11,139	1,503	-	1,503
Scholar's bowl	1,314	917	225	2,006	-	2,006
Student projects	6,977	7,888	12,299	2,566	-	2,566
Journalism	1,022	6,304	5,454	1,872	-	1,872
Weight program	284	-	-	284	-	284
HS boys basketball	-	666	520	146	-	146
HS girls basketball	-	1,318	1,318	-	-	-
Football	513	-	-	513	-	513
Athletics - general	-	1,241	476	765	-	765
Elementary school:						
Student activity	3,263	1,323	3,777	809	-	809
Book fair	356	3,268	3,156	468	-	468
P.E.	133	-	-	133	-	133
Subtotal school projects	15,182	34,247	38,364	11,065	-	11,065
Total district activity funds	\$ 16,971	\$ 47,329	\$ 53,235	\$ 11,065	\$ -	\$ 11,065

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

AGENCY FUNDS

SUMMARY OF CASH RECEIPTS AND CASH DISBURSEMENTS

Year ended June 30, 2011

<u>Fund</u>	<u>Beginning cash balance</u>	<u>Cash receipts</u>	<u>Cash disbursements</u>	<u>Ending cash balance</u>
Student organization funds:				
High school:				
"S" club	\$ 443	\$ -	\$ -	\$ 443
Cheerleaders	1,562	3,956	4,019	1,499
Kayettes	1,476	5,400	4,578	2,298
Stuco	727	1,435	1,371	791
Band	1,830	378	618	1,590
FFA	4,122	22,644	23,754	3,012
FCCLA (home economics)	754	284	364	674
Vocal music	2,455	-	893	1,562
Junior high cheerleaders	1,418	1,292	1,909	801
FCA	1,867	1	-	1,868
NHS	335	415	282	468
Debate/drama/forensics	1,495	1,086	632	1,949
Class of 2011	3,508	1,217	4,039	686
Class of 2012	4,333	3,780	5,398	2,715
Class of 2013	905	4,803	982	4,726
Class of 2014	-	6,123	5,230	893
FBLA	402	594	420	576
Subtotal high school	27,632	53,408	54,489	26,551
Elementary school:				
Music	60	121	131	50
Subtotal student organization funds	27,692	53,529	54,620	26,601
Clearing funds:				
Concessions - clearing	-	1,829	1,829	-
Other agency:				
Insurance account	1,175	2,064	978	2,261
Total agency funds	<u>\$ 28,867</u>	<u>\$ 57,422</u>	<u>\$ 57,427</u>	<u>\$ 28,862</u>

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of the significant accounting policies applied in the preparation of the accompanying financial statements is presented to assist the reader in understanding the District's financial statements, which are presented in conformity with the cash basis and budget laws of the State of Kansas. The financial statements and notes are representations of the District's management, which is responsible for their integrity and objectivity. The amounts shown for 2010 in the accompanying financial statements are included, where practicable, only to provide a basis for comparison with 2011, and are not intended to present all information necessary for a fair presentation in accordance with the basis of accounting as described below. Certain prior year amounts have been reclassified to result in more comparative statements.

1. Reporting entity

U.S.D. No. 507 Satanta, Kansas is a municipal corporation governed by an elected seven-member board. These financial statements present U.S.D. No. 507 Satanta, Kansas (the primary government) and its component unit. The component unit is included in the District's reporting entity because of the significance of its operational and financial relationship with the District.

Discretely Presented Component Unit. The component unit section of these financial statements includes the financial data of the discretely presented component unit. This component unit is reported separately to emphasize that it is legally separate from the District.

Satanta Recreation Commission. The Satanta Recreation Commission oversees recreational activities. Four of the five members of the governing board of the Recreation Commission are appointed by the Board of Education. The Recreation Commission operates as a separate governing body but the District levies taxes for the Recreation Commission and the Recreation Commission has only the powers granted by statute, K.S.A. 12-1928. The Recreation Commission cannot purchase real property but can acquire real property by gift.

Complete financial statements of the Satanta Recreation Commission may be obtained as follows:

Satanta Recreation Commission
P.O. Box 506
Satanta, Kansas 67870

2. Fund accounting

The accounts of the District are organized on the basis of funds. In governmental accounting, a fund is designated as a sum of money or other resources segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations and constituting an independent fiscal and accounting entity. District resources are allocated to and for individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Fund accounting (continued)

The following funds comprise the financial activities of the District for the year ended June 30, 2011:

GOVERNMENTAL FUNDS

General Funds

General funds are used to account for all financial transactions not properly accounted for in another fund. They receive a greater variety and number of taxes and other general revenue than any other funds and finance a wider range of activities.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources which must be devoted to some special use as required by law or specific regulation.

FIDUCIARY FUNDS

Agency Funds

Agency funds are used to account for assets held by the District as an agent for individuals, private organizations and other governmental units.

3. Basis of Accounting

Statutory Basis of Accounting. The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure is charged in the fund from which the transfer is made.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the District to use the statutory basis of accounting.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Accounting (continued)

Departure from accounting principles generally accepted in the United States of America. The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. A statement of net assets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance is not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, long-term debt such as general obligation bonds, capital leases, temporary notes, and compensated absences is not presented in the financial statements.

4. Budgetary information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless exempted by a specific statute), debt service funds, and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in adoption of the legal annual operating budget:

- a. Preparation of the budget for the succeeding fiscal year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no amendments to the budget for the year ended June 30, 2011.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgetary information (continued)

All legal annual operating budgets are prepared using the statutory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, agency funds, and the following special revenue funds:

Contingency Reserve	Federal Grant Funds
Textbook Rental – Elementary	District Activity Funds
Textbook Rental – Jr. – Sr. High	

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

5. Cash and investments

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in interest-bearing deposits and disclosed as part of the District's cash balances. Unless specifically designated, all interest income is credited to funds designated by K.S.A. 72-6427.

6. Ad valorem tax revenue

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's Office annually determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. Property taxes are levied by November 1 and a lien for all taxes attaches on that same date until the taxes are paid. One-half of the property taxes is due December 20 and distributed to the District by January 20 to help finance the current year's budget. The second half is due May 10 and distributed to the District by June 5. This distribution to the District is in its next budget year. The District Treasurer draws available funds from the County Treasurer's Office at designated times throughout the year.

7. Pension plan

Substantially all full-time employees are members of the State of Kansas Public Employees' Retirement System (KPERs) which is a cost-sharing multiple-employer state-wide pension plan. The State of Kansas pays the District's share of pension costs; such costs to be funded are determined annually by the system's actuary.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Compensated absences

District employees who are entitled to vacation leave receive two weeks paid vacation after completing one year of service and three weeks paid vacation after completing ten years of service. Vacation leave is granted on a fiscal year basis. Employees who join the District after July 1 of any given fiscal year are granted vacation leave on a pro-rata basis. Employees are allowed fourteen or eighteen months in which to take accrued vacation leave depending upon their position. Any unused vacation leave earned in a previous fiscal year is void on September 1 or January 1 of the following fiscal year and is non-reimbursable.

Sick leave of nine to eighteen days is credited annually to each full time employee, other than teachers, and may accumulate to a total of 80 days. Sick leave is credited at the rate of one day per month for an employee's first five years of service and at the rate of 1½ days per month thereafter. Teachers are credited with ten days of sick leave per year which may accumulate to a total of 80 days.

Administrative personnel are allowed four personal days per year and all other District employees are allowed two or three personal days per year which must be used or lost subject to the following exceptions. Teachers are allowed one unused personal day to be (1) carried forward as a sick day (subject to the 80-day limit), or (2) compensated.

District employees are entitled to paid holidays depending upon job classification. No accumulated sick leave or personal leave is paid to an employee upon termination, retirement, or resignation, except teachers. Teachers that have been with the District for ten years of full-time service will receive payment for up to and including forty days at a rate of \$40 per day. However, accumulated vacation leave is paid to an employee upon termination, retirement, or resignation.

9. Section 125 plan

The District offers a Section 125 Flexible Benefit Plan to employees electing to participate. It is used for health insurance premiums, unreimbursed medical expense, dependent care expense, and other insurance premiums. The plan is administered by an independent company.

10. Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts and the disclosures at the date of the financial statements. Actual results could differ from those estimates.

11. Other post employment benefits

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Other post employment benefits (continued)

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. The American Recovery and Reinvestment Act of 2009 (ARRA), as amended, provides for premium reductions for health benefits under COBRA. Eligible individuals pay only 35 percent of their COBRA premiums and the remaining 65 percent is reimbursed to the coverage provider through a tax credit. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the District under this program.

12. Voluntary early retirement plan

Certified personnel may voluntarily elect to retire early. Qualifying personnel must have at least seven years of service with the District and must be fully vested in KPERS. The annual rate of retirement compensation is one-third of the District's base salary for the year the individual begins participation. Benefits will end after five years. All benefits terminate when the teacher reaches the age of 65. The District stopped offering the plan after the year ended June 30, 1999, so only teachers during that year remain eligible for the early retirement plan. The future commitment of the District for the voluntary early retirement plan is presented in Note D.

B. COMPLIANCE WITH KANSAS STATUTES

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration of the Director of Accounts and Reports and interpretation by the legal representatives of the District.

The budget law provided by K.S.A. 79-2935 prohibits the expenditure of funds in excess of that allowed by budget. Expenditures exceeded the adopted budget in the Recreation Commission Fund by \$6,829.

C. DEPOSITS AND INVESTMENTS

Policies. The District has no formal deposit and investment policies; however it does follow state statutes. K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds to have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the bank provides an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the District's deposits in financial institutions to be entirely covered by federal depository insurance, by a corporate surety bond, or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

C. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial credit risk - deposits. Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. At year-end the carrying amount of the District's deposits, including certificates of deposit, was \$1,956,617. The bank balance was \$2,458,616. Of the bank balance, \$255,359 was covered by FDIC insurance and \$2,203,257 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the District's name.

D. LONG-TERM DEBT

Changes in long-term liabilities for the entity for the year ended June 30, 2011, were as follows:

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions/ Net change</u>	<u>Balance end of year</u>	<u>Interest paid</u>
Capital leases:					
District copiers					
Issued May 12, 2009					
In the amount of \$48,000					
At interest rate of 7.50%					
Maturing August 1, 2012	\$ 34,669	\$ -	\$ 10,732	\$ 23,937	\$ 2,600
Skid loader					
November 15, 2010					
In the amount of \$25,181					
Maturing November 15, 2011	-	25,181	3,577	21,604	-
Skid loader					
Issued October 30, 2009					
In the amount of \$24,786					
Maturing October 30, 2010	<u>21,211</u>	<u>-</u>	<u>21,211</u>	<u>-</u>	<u>1,061</u>
Total capital leases	55,880	25,181	35,520	45,541	3,661
Termination benefits:					
Early retirement payable	<u>172,389</u>	<u>32,084</u>	<u>68,577</u>	<u>135,896</u>	<u>-</u>
Total long-term debt	<u>\$ 228,269</u>	<u>\$ 57,265</u>	<u>\$ 104,097</u>	<u>\$ 181,437</u>	<u>\$ 3,661</u>

Current maturities of capital leases and interest through maturity are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2012	\$ 33,140	\$ 2,836	\$ 35,976
2013	<u>12,401</u>	<u>930</u>	<u>13,331</u>
Total	<u>\$ 45,541</u>	<u>\$ 3,766</u>	<u>\$ 49,307</u>

E. DEFINED BENEFIT PENSION PLAN

Plan description. The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603-3869) or by calling 1-888-275-5737.

E. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Funding Policy. K.S.A. 74-4919 and 74-49,210 establishes the KPERS member-employee contribution rate at 4% and 6% respectively of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas contributed 9.17% of covered payroll for July 1, 2010 through June 30, 2011. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2011, 2010, and 2009 were \$253,834,044, \$248,468,186, and \$242,277,363, respectively, equal to the required contributions for each year as set forth by the legislature. The amounts attributable to the District for the years ending June 30, 2011, 2010, and 2009 were \$161,116, \$196,271, and \$194,904.

F. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disasters; and medical needs of employees. The District purchases commercial insurance to cover health, property, liability, and workers' compensation claims. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in any of the past three years.

G. INTERFUND TRANSACTIONS

Recurring annual transfers between budgetary funds for the purpose of shifting resources from the fund legally required to receive the revenue to the fund authorized to expend the revenue are operating transfers. These transfers, authorized by K.S.A. 72-6428 and K.S.A. 72-6433 are as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>
General	Bilingual	\$ 188,265
General	Capital outlay	1,585
General	Vocational education	88,060
General	Special education	183,019
General	At-Risk (4 year old)	14,000
General	At-Risk (K-12)	317,676
Supplemental general	Bilingual	97,885
Supplemental general	Driver training	1,816
Supplemental general	Food service	37,665
Supplemental general	Professional development	3,555
Supplemental general	Parents as teachers	15,622
Supplemental general	Special education	62,728
Supplemental general	Vocational education	75,580
Supplemental general	Textbooks	15,000
Supplemental general	At-Risk (4 year old)	48,786
Supplemental general	At-Risk (K-12)	141,325
		<u>\$1,292,567</u>

G. INTERFUND TRANSACTIONS (CONTINUED)

Residual equity transfer:

<u>From</u>	<u>To</u>	<u>Amount</u>
Summer school	Supplemental general	\$ <u>1,910</u>

Transfers to component units as authorized by K.S.A. 12-1928 were as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>
Recreation commission fund	Satanta Recreation Commission	\$ <u>240,929</u>

H. CONTINGENCIES

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the District at June 30, 2011.

I. SUBSEQUENT EVENT

Management has evaluated subsequent events through December 12, 2011, the date on which the financial statements were available to be used. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in these financial statements.